

July 5, 2006

Mr. Charles Terreni
Chief Clerk/Administrator
Public Service Commission of South Carolina
P. O. Drawer 11649
Columbia, South Carolina 29211

RE: PSC Docket No. 2006-_____-E

Dear Mr. Terreni:

Attached for filing are an original and one copy of Progress Energy Carolinas, Inc.'s Application for Approval to Reallocate Decommissioning Fund Contributions.

Yours very truly,

s/

Len S. Anthony
Deputy General Counsel-Regulatory Affairs

LSA:mhm

c: Office of Regulatory Staff

233586

BEFORE
THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. _____

IN RE:

Progress Energy Carolinas, Inc.’s) PROGRESS ENERGY CAROLINAS, INC.’S
Petition for An Accounting Order) PETITION FOR AN ACCOUNTING ORDER
Regarding Its Nuclear) REGARDING ITS NUCLEAR
Decommissioning Expense) DECOMMISSIONING EXPENSE

Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc. (“PEC”, “the Company”), pursuant to Rules 103-830 and 103-836 of the Public Service Commission of South Carolina (“the Commission”) and S.C. Code Ann. §§ 58-3-140, 58-27-140, 58-27-230, 58-27-1540, petitions the Commission to issue an accounting order for regulatory accounting purposes reallocating the annual nuclear decommissioning expense among its four nuclear units. In support thereof, PEC shows the following:

1. PEC is a corporation duly organized and existing under the laws of the State of North Carolina, authorized to do business in South Carolina. Its principal office is located at 410 S. Wilmington Street, Post Office Box 1551, Raleigh, North Carolina 27602-1551. PEC is a public utility engaged in the business of developing, generating, transmitting, distributing and selling electric power in North and South Carolina.

2. The attorney for PEC to whom all correspondence should be addressed is:

Len S. Anthony,
Deputy General Counsel, Regulatory Affairs
Progress Energy Service Company
Post Office Box 1551/PEB 17A4
Raleigh, NC 27602-1551
Telephone: (919) 546-6367

3. Every five years, PEC performs a nuclear decommissioning cost study. In 2001, based on the 1998 Decommissioning Study, the Company requested, and the Commission issued an Order, which approved the reallocation of the amount of nuclear decommissioning expense by unit as follows:

<u>Unit</u>	<u>Annual Expense</u>	<u>% of Total</u>
Brunswick Unit 1	\$1,140,692	24%
Brunswick Unit 2	783,096	17%
Harris Unit 1	1,011,689	22%
Robinson Unit 2	<u>1,715,978</u>	<u>37%</u>
Total	<u>\$4,651,455</u>	<u>100%</u>

4. The Company's most recent decommissioning study was prepared during 2004. In re-calculating the revenue requirements based on the 2004 Decommissioning Cost Study ("the 2004 Study"), PEC assumed license extensions of the two Brunswick units and the Harris unit, and applied a 4% cost escalation rate, a 7.3% projected return on the external Qualified Fund and a 4.62% projected return on the external NonQualified Fund. Based on these factors and the results of the 2004 Study, PEC determined that the annual revenue requirement amounts by unit should be as follows:

<u>Unit</u>	<u>Annual Expense</u>	<u>% of Total</u>
Brunswick Unit 1	\$244,472	5%
Brunswick Unit 2	234,324	5%
Harris Unit 1	2,410,509	51%
Robinson Unit 2	<u>1,805,760</u>	<u>39%</u>
Total	<u>\$4,695,065</u>	<u>100%</u>

5. The total revenue requirement of \$4,695,065 varies less than 1% from the annual expense level of \$4,651,455 being recorded on the Company's book. However, the revenue requirements by unit vary significantly.

6. In recognition of the fact that the estimated costs to decommission these units may change upon completion of the next cost study, PEC wishes to continue contributing \$4,651,455 annually to its external trust funds, however, the Company proposes to reallocate the total annual nuclear decommissioning expense by unit, in relation to the most recent 2004 Study, as follows:

<u>Unit</u>	<u>Annual Expense</u>	<u>% of Total</u>
Brunswick Unit 1	\$242,201	5%
Brunswick Unit 2	232,147	5%
Harris Unit 1	2,388,119	51%
Robinson Unit 2	<u>1,788,988</u>	<u>39%</u>
Total	<u>\$4,651,455</u>	<u>100%</u>

7. The proposed reallocated annual expense amounts shown in the preceding paragraph were determined by applying the unit cost percentages from the 2004 Study shown in paragraph 4 to the current funding amount of \$4,651,455. Therefore, the proposed total expense remains at the current level.

8. The amounts currently expensed were approved by previous Commission order. Therefore, PEC needs and requests an accounting order to reallocate the expense level as described above. Such expenses shall be in effect as of January 1st, 2006 and thereafter until such time as PEC requests, or the Commission orders, a change. This request does not involve a change to any PEC rate or price and does not involve any Commission rule, regulations, or policies.

WHEREFORE, PEC petitions the Commission to issue an accounting order allocating the annual expense level among each of PEC's four nuclear units as set forth above.

Respectfully submitted this the 7th day of July, 2006.

PROGRESS ENERGY CAROLINAS, Inc.

By s/
Len S. Anthony
Deputy General Counsel,
Regulatory Affairs
Progress Energy Service Company
Post Office Box 1551/PEB 17A4
Raleigh, North Carolina 27602-1551
Telephone: (919)546-6367

VERIFICATION

STATE OF SOUTH CAROLINA

The undersigned, Margaret S. Yaeger, being first duly sworn, deposes and says that she is Controller, for Progress Energy Carolinas Inc.; that she has read the foregoing Petition for An Accounting Order Regarding Its Nuclear Decommissioning Expense, knows the contents thereof; that the same are true of her own knowledge, except as to those matters stated on information and belief, and as to those matters, she believes them to be true.

Margaret S Yaeger
MARGARET S. YAEGER

Sworn to and subscribed before me
this 6th day of July 2006.

Peggy Holton
Notary Public

My Commission Expires: 6-25-2011

(SEAL)